

**STATE OF WASHINGTON  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
DIVISION OF CONSUMER SERVICES**

IN THE MATTER OF DETERMINING  
Whether there has been a violation of the  
Mortgage Broker Practices Act of Washington by:

ADVANTAGE INVESTMENTS MORTGAGE  
CORP. and  
REGINALD L. BROWN, President, Owner, and  
Designated Broker,

Respondents.

NO. C-06-118-06-SC01

STATEMENT OF CHARGES and  
NOTICE OF INTENTION TO ENTER  
AN ORDER TO IMPOSE FINE AND COLLECT  
INVESTIGATION FEE

**INTRODUCTION**

Pursuant to RCW 19.146.220 and RCW 19.146.223, the Director of the Department of Financial Institutions of the State of Washington (Director) is responsible for the administration of chapter 19.146 RCW, the Mortgage Broker Practices Act (Act). After having conducted an investigation pursuant to RCW 19.146.210 and RCW 19.146.235, and based upon the facts available as of August 01, 2006, the Director institutes this proceeding and finds as follows:

**I. FACTUAL ALLEGATIONS**

**1.1 Respondents.**

A. **Advantage Investments Mortgage Corp.** (Advantage Investments) was licensed by the Department of Financial Institutions of the State of Washington (Department) to conduct business as a mortgage broker on April 12, 2000. The main office, located at 9014 Lake Steilacoom Pt. Rd. S.W., Lakewood, WA 98498, closed on May 3, 2001 and reopened on June 22, 2001. On March 31, 2006, Respondents filed an amendment with the Department requesting a change in the main office's licensed location. On July 24, 2006, the Department granted the amendment, issuing a license to Respondent Advantage Investments to conduct the

1 business of a mortgage broker at 9119 80th Ave. S.W. To date, Respondent Advantage Investments continues  
2 to be licensed to conduct the business of a mortgage broker at this new location.

3       **B.       Reginald L. Brown** (Brown) is Owner and President of Respondent Advantage Investments.  
4 Respondent Brown was named Designated Broker of Respondent Advantage Investments on March 21, 2001,  
5 and has continued as Designated Broker to date.

6 **1.2       Unlicensed Location.** Respondent Advantage Investments is known to have conducted the unlicensed  
7 business of a mortgage broker from 9119 80th Ave. S.W., Lakewood, WA 98498. The Department received a  
8 complaint on February 2, 2006 that Respondents were conducting unlicensed activity at this location. In  
9 response to a May 12, 2006 directive, Respondents admitted to the unlicensed activity. Respondent Brown sold  
10 the licensed location, which also served as his residence, on July 28, 2005. The new unlicensed location was  
11 bought on August 5, 2005. Respondents stated that they did not move until mid October and that the first loan  
12 from this unlicensed location closed on November 1, 2005. On March 31, 2006, Respondents filed an  
13 amendment with the Department requesting that the main office be licensed at this new location. On July 24,  
14 2006, the Department granted the amendment, issuing a license to Respondent Advantage Investments to  
15 conduct the business of a mortgage broker from the 9119 80th Ave. S.W. location.

16 **1.3       Unlicensed Activity.** Between at least November 1, 2005 and June 9, 2006, Respondents assisted  
17 borrowers in obtaining residential mortgage loans on property located in the State of Washington from the  
18 unlicensed location discussed in paragraph 1.2.

19 **1.4       Failure to Notify Department of Significant Developments.** As noted in paragraph 1.2, Respondents  
20 moved the location of their business on or around November 1, 2005 without notifying the Department. The  
21 Department first became aware of a possible change in location through the February 2, 2006 complaint.  
22 Respondents filed an application to change their address on March 31, 2006.

23 **1.5       On-Going Investigation.** The Department's investigation into the alleged violations of the Act by  
24 Respondents continues to date.  
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## II. GROUNDS FOR ENTRY OF ORDER

**2.1 Definition of Mortgage Broker.** Pursuant to RCW 19.146.010(12) and WAC 208-660-010(29), "Mortgage Broker" means any person who, for compensation or gain, or in the expectation of compensation or gain (a) makes a residential mortgage loan or assists a person in obtaining or applying to obtain a residential mortgage loan or (b) holds himself or herself out as being able to make a residential mortgage loan or assist a person in obtaining or applying to obtain a residential mortgage loan.

**2.2 Requirement to Obtain and Maintain License.** Based on the Factual Allegations set forth in Section I above, Respondents are in apparent violation of RCW 19.146.200 for engaging in the business of a mortgage broker without first obtaining and maintaining a license under the Act.

**2.3 Requirement to Notify Department of Significant Developments.** Based on the Factual Allegations set forth in Section I above, Respondents are in apparent violation of WAC 208-660-150(2), and WAC 208-660-150(3)(b) for failing to notify the Director in writing ten days prior to a change of the location of the licensee's principal place of business or any of its branch offices, and failing to notify the Director in writing within five days after a change in mailing address or telephone number or State master business license or standing with the state of Washington Secretary of State.

**2.4 Authority to Impose Fine.** Pursuant to RCW 19.146.220(2)(c)(i) and (ii) and WAC 208-660-165, the Director may impose fines on a licensee, employee or loan originator of the licensee, or other person subject to the Act for any violation of RCW 19.146.200.

**2.5 Authority to Collect Investigation Fee.** Pursuant to RCW 19.146.228(2), WAC 208-660-060(4) and WAC 208-660-061, upon completion of any investigation of the books and records of a licensee or other person subject to the Act, the Department will furnish to the licensee or other person subject to the Act a billing to cover the cost of the investigation. The investigation charge will be calculated at the rate of forty-seven dollars and seventy-eight cents (\$47.78) per hour that each staff person devoted to the investigation.

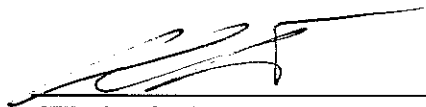


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#### IV. AUTHORITY AND PROCEDURE

This Statement of Charges and Notice of Intention to Enter an Order to Impose Fines and Collect Investigation Fee is entered pursuant to the provisions of RCW 19.146.220, RCW 19.146.221, RCW 19.146.223 and RCW 19.146.230, and is subject to the provisions of chapter 34.05 RCW (The Administrative Procedure Act). Respondents may make a written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this Statement of Charges.

Dated this 1st day of August, 2006.


  
CHUCK CROSS  
Director  
Division of Consumer Services  
Department of Financial Institutions

Presented by:

  
LUKE A. CAMPBELL  
Legal Extern



Approved by:

  
JAMES R. BRUSELBACK  
Enforcement Chief